



Substitute House Bill No. 6865

Public Act No. 15-126

***AN ACT CONCERNING COINSURANCE CLAUSES IN CERTAIN
COMMERCIAL INSURANCE POLICIES AND CONTRACTS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Section 38a-308 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2015*):

(a) (1) No policy or contract of fire insurance shall be made, issued, renewed or delivered by any admitted or nonadmitted insurer or any agent or representative thereof, on any property in this state, unless it conforms as to all provisions, stipulations, agreements and conditions with the form of policy set forth in section 38a-307, except that a policy or contract of fire insurance for a commercial property made, issued, renewed or delivered by a nonadmitted insurer or any agent or representative thereof may define "depreciation" differently than as set forth in section 38a-307.

(2) There shall be printed at the head of such policy the name of the insurer or insurers issuing the policy, the location of the home office thereof, a statement showing whether such insurer or insurers are stock or mutual corporations or are reciprocal insurers or Lloyd's underwriter, provided any company organized under special charter provisions may so indicate upon its policy and may add a statement of

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the plan under which it operates in this state, and there may be added thereon such device or devices as the insurer or insurers issuing such policy desire. Such policy shall be clearly designated on the back of the form as "The Standard Fire Insurance Policy of the State of Connecticut"; and this designation may include the names of such other states as have adopted this standard form.

(3) The standard fire insurance policy provided for in section 38a-307 need not be used for effecting reinsurance between insurers. If the policy is issued by a mutual, cooperative or reciprocal insurer having special regulations with respect to the payment by the policyholder of assessments, such regulations shall be printed upon the policy and any such insurer may print upon the policy such regulations as are appropriate to or required by its form of organization. Insurers issuing the standard fire insurance policy pursuant to section 38a-307 are authorized to affix thereto or include therein a written statement that the policy does not cover loss or damage caused by nuclear reaction or nuclear radiation or radioactive contamination, all whether directly or indirectly resulting from an insured peril under such policy; provided nothing herein contained shall be construed to prohibit the attachment to any such policy of an endorsement or endorsements specifically assuming coverage for loss or damage caused by nuclear reaction or nuclear radiation or radioactive contamination.

(b) Any policy or contract that includes, either on an unspecified basis as to coverage or for an indivisible premium, coverage against the peril of fire and substantial coverage against other perils need not comply with the provisions of subsection (a) of this section, provided: (1) Such policy or contract shall afford coverage, with respect to the peril of fire, not less than the substantial equivalent of the coverage afforded by said standard fire insurance policy; (2) except as provided under subdivision (1) of subsection (a) of this section for a policy or contract of fire insurance for a commercial property made, issued,

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renewed or delivered by a [surplus lines] nonadmitted insurer or any agent or representative thereof, the following provisions in said standard fire insurance policy are incorporated therein without change: (A) Mortgagee interests and obligations, (B) the definitions of actual cash value and depreciation, (C) the time period for when a loss is payable after proof of loss, and (D) the time period for when a suit or action for the recovery of a claim may be commenced; (3) such policy or contract is complete as to all of its terms without reference to any other document; and (4) the commissioner is satisfied that such policy or contract complies with the provisions hereof. The provisions of this subsection shall apply to any such policy or contract issued or renewed on or after July 1, 2014.

(c) Any policy or contract under subsection (a) or (b) of this section that is made, issued, renewed or delivered by a nonadmitted insurer or any agent or representative thereof on or after October 1, 2015, is for commercial real property and defines "depreciation" differently than as set forth in section 38a-307, shall not include a coinsurance clause. If any such policy or contract includes a coinsurance clause, such clause shall be void and unenforceable.

[(c)] (d) None of the provisions of this section shall apply to policies of automobile or aircraft physical damage insurance or to policies of inland marine insurance.

[(d)] (e) The provisions of section 38a-346 shall apply in the event of cancellation of a policy issued pursuant to this chapter.

[(e)] (f) Any policies made, issued, renewed or delivered through a fire, liability and allied lines underwriting facility established by the Insurance Commissioner pursuant to section 38a-328 shall not be subject to the cancellation of policy provisions or notice of cancellation requirements of section 38a-307, provided such policies comply with any regulation adopted by the Insurance Commissioner pursuant to

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subsection (a) of section 38a-328.

Vetoed June 30, 2015